

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-462

November 3, 1997

CHINA TELEPHONE COMPANY
Request for Designation as Eligible
Telecommunications Carrier

ORDER

WELCH, Chairman; NUGENT and HUNT, Commissioners

By this Order, we grant the China Telephone Company (Company) Eligible Telecommunications Carrier status and designate the Company's entire study area to be a single service area.

On May 8, 1997, the Federal Communications Commission (FCC) issued its Report and Order on Universal Service (FCC Order No. 97-157, CC Docket No. 96-45, referred herein as FCC Order) implementing key portions of the Telecommunications Act of 1996 (TelAct). The FCC's Order establishes criteria that telecommunications carriers must meet to be eligible for federal universal service support, and limits support to specific areas. FCC Order ¶ 56. The FCC Order requires state commissions to designate the areas within a state that qualify for federal universal service support (service areas) and to grant carriers Eligible Telecommunications Carrier (ETC) status. *Id.*, ¶¶ 135, 182-191. The FCC Order also states that after January 1, 1998, a carrier cannot obtain federal universal service fund support unless the appropriate state commission has granted the carrier ETC status. *Id.*, ¶ 198.

To meet ETC status, a telecommunications carrier must offer federally designated universal service elements, including E911 emergency services where requested, and toll limitation for qualifying low-income customers. *Id.*, ¶ 56. A carrier unable to provide access to E911 service and toll limitation services may ask a state commission to delay these requirements until the carrier upgrades its facilities. *Id.*, ¶¶ 88-93. Although not a precondition for eligibility, an eligible carrier must offer Lifeline and Linkup service and advertise the availability of universal services and the Lifeline and Linkup programs in "general media." *Id.*, ¶¶ 148, 326, 347. Additionally, the ETC must provide these services throughout its designated service area.

For ETC status and service area purposes, the China Telephone Company is considered a rural carrier. 47 U.S.C. § 153(37). Under the TelAct, a rural carrier's study area is the carrier's service area unless the FCC and the state commission establish a different service area. 47 U.S.C. § 214(e)(5).

However, the FCC Order encourages states to determine whether universal service goals are best met by dividing study areas into more than one service area where the carrier's service territory consists of noncontiguous exchanges, and to submit such determinations to the FCC for concurrence. FCC Order, ¶ 190.

On July 22, 1997, China filed a request asking the Maine PUC to grant the Company ETC status and to designate the Company's entire study area as one service area. The Company's request certifies that it currently provides, and will continue to provide throughout its study area, all federal universal service elements and Lifeline/Linkup services, except E911 and toll limitation services. The Company now provides 911 services and agrees to implement E911 services in a timely manner after the State of Maine develops its E911 system. Although China does not provide toll limitation services, it notes that the FCC is reconsidering this requirement and that the Company does provide toll blocking services. China asks that the Commission grant an indefinite delay of the toll limitation requirements pending further FCC review. The Company also indicates that it will continue to advertise the availability of Lifeline and Universal Services through bill stuffers and public notices, and is working with Commission Staff, and other Maine carriers, to consider additional outreach and innovative credit and collection programs to further increase Lifeline penetration levels in Maine.

The Commission finds that the China Telephone Company meets the TelAct and FCC requirements and designates the Company an Eligible Telecommunications Carrier for purposes of continuing eligibility for federal universal service support. The Commission grants China's request to delay implementing E911 services until the State of Maine implements its E911 program at which time China must submit E911 implementation plans. The Company may also postpone toll limitation services until the FCC issues a final decision on this requirement, at which time the Company must file terms and conditions implementing the requirements or request a waiver as permitted under the FCC Order.

Several Maine local exchange carriers have study areas consisting of noncontiguous exchanges, or jointly serve a portion of a study area. In China's case, any noncontiguous or jointly served exchanges are in close proximity and designating the Company's entire study area as a single service area meets the TelAct's universal service goals. Therefore, the Commission designates China's entire study area as a single service area, as requested in its application. The Commission notes that this designation is subject to change as the FCC further considers federal universal service mechanisms and the Maine Commission considers a state universal service fund.

Accordingly, we

O R D E R

1. That China Telephone Company is an Eligible Telecommunications Carrier for purposes of continued eligibility for federal universal service fund support;

2. That China Telephone Company's entire study area is designated a single service area;

3. That by November 30, 1997, China Telephone Company must file compliance Terms and Conditions, to be effective no later than December 31, 1997, implementing universal service elements and Lifeline/Linkup program changes as required by this Order, the FCC Order, and the Commission's Order (Docket No. 97-825) on Lifeline/Linkup Program changes.

Dated at Augusta, Maine this 3rd day of November, 1997.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Hunt